

**TREASURER'S &
AUDITORS' REPORT
FOR THE YEAR ENDED
DECEMBER 31, 1986**

**CITY OF
Waterloo**

MEMBERS OF CITY COUNCIL

1986

Mayor

MARJORIE CARROLL

Aldermen

Jim Erb

Brian Turnbull

Robert Henry

Dorothy Schnarr

Mary Jane Mewhinney

John Shortreed

Andrew Telegdi

Lynne Woolstencroft

DEPARTMENT HEADS

Don Roughley
Chief Administrative Officer

Ron Keeling,
City Clerk

Tom Slomke
Planning Director

Tom Stockie,
City Treasurer

John Staller
Fire Chief

Jim Willis,
Commissioner of Works &
City Engineer

Terry Hallman,
Director of Personnel

Ken Pflug,
Community Services
Director

Gerry O'Neil
Business Development
Director



The Corporation of the City of Waterloo

April 23, 1987.

Mayor Marjorie Carroll,
Member of City Council,
Waterloo, Ontario.

Dear Member of Council;

I am submitting, in detail, the Treasurer's and Auditors' Report for the year ended December 31, 1986.

During the past year, the following mill rates were levied for education, regional and local municipal purposes:

Public and Separate School Supporters

Residential and Farm	212.274
Business, Commercial & Industrial	249.734

We completed the year with a substantial surplus, allocating \$50,000. to the Library Book Reserve Fund, \$50,000. to the Insurance Reserve Fund, \$100,000. to the Fire Equipment Reserve Fund, \$100,000. to the Computer Purchases Capital Account, \$100,000. to the Recreational Facilities Reserve, \$928,336 to the Working Fund Reserve and carrying forward to the 1987 budget a surplus of \$1,050,000. Funds in the Working Fund Reserve will be used to offset a potential liability for coal tar cleanup expenditures on Regina Street. The surplus was generated by revenues exceeding budget, particularly in supplementary tax revenue, building permits, engineering design and supervision revenue, interest income and payments-in-lieu of taxes.

The Regional Municipality of Waterloo issued, on behalf of the City of Waterloo, debentures for local improvements in the amount of \$522,791. at an average interest rate of 9.5%.

The following additional reports are provided, giving details of certain activities in 1986:

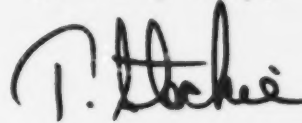
- Taxable Assessment
- Population Statistics
- Industrial Lands Account
- Impost Reserve Fund
- Public Lands Reserve Fund
- Unit Levy Reserve Fund
- Community Services Concessions

Cont'd on 2....

- 2 -

I would like to express my appreciation to the Mayor and members of City Council for their co-operation. I would also like to thank Gina Luciantonio, the Manager of Accounting and Systems, who has prepared this year's Financial Statements; Ross McKee, the Director of Revenue who has done an excellent job again in revenue collections and all members of the Finance Department for their dedication and support.

Yours very truly,

A handwritten signature in dark ink, appearing to read 'T. B. Stockie', written in a cursive style.

T. B. Stockie, CMA
City Treasurer
City of Waterloo

TBS/ch

CITY OF WATERLOO
TREASURER'S & AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 1986

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The Uptown Waterloo Business Improvement Area Board of Management

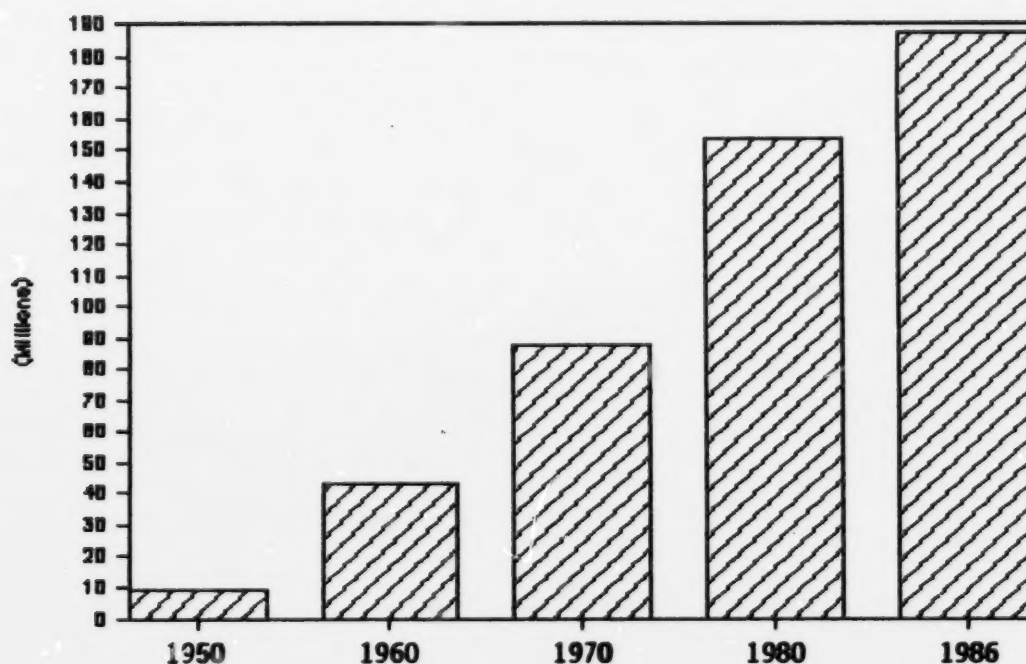
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TAXABLE ASSESSMENT

Taxation Year	Residential	%	Industrial & Commercial	%
1987	124,805,968	62.45%	75,033,500	37.55%
1986	117,074,531	62.48%	70,291,242	37.52%
1985	112,580,647	62.61%	67,223,547	37.39%
1984	107,973,058	62.16%	65,724,891	37.84%
1983	105,000,578	62.02%	64,292,506	37.98%
1982	103,420,644	62.46%	62,164,719	37.54%
* 1981	92,677,295	59.95%	61,907,052	40.05%
* 1980	90,029,655	60.00%	60,023,510	40.00%
* 1979	88,227,620	61.17%	55,996,809	38.83%
* 1978	86,076,310	63.63%	49,206,895	36.37%
* 1977	81,550,555	62.94%	48,014,580	37.06%
* 1976	78,098,258	62.86%	46,147,775	37.14%
* 1975	75,382,590	63.07%	44,143,255	36.93%
* 1974	68,081,430	61.80%	42,077,770	38.20%
* 1973	64,319,875	62.20%	39,081,780	37.80%
1972	59,243,875	59.89%	39,670,900	40.11%
1971	57,069,175	61.02%	36,454,810	38.98%
1970	54,438,525	62.38%	32,825,750	37.62%

* Figures shown are for the former City of Waterloo only.
Higher residential ratio due to Bell Telephone Assessment
being deleted as taxable on Assessment Roll.

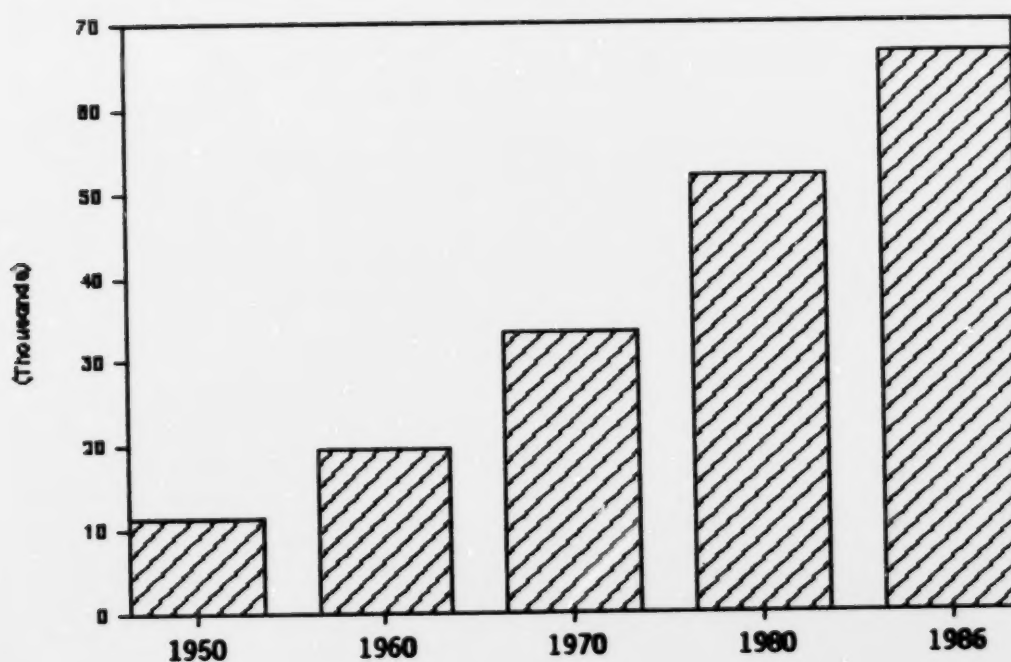
TAXABLE ASSESSMENT



POPULATION STATISTICS

1960 - 20,562	1969 - 33,349	1978 - 50,291
1961 - 21,665	1970 - 34,641	1979 - 51,795
1962 - 22,244	1971 - 36,313	1980 - 54,157
1963 - 23,401	1972 - 38,817	1981 - 54,831
1964 - 25,478	1973 - 41,998	1982 - 57,412
1965 - 28,079	1974 - 45,349	1983 - 58,734
1966 - 29,894	1975 - 48,468	1984 - 60,591
1967 - 31,422	1976 - 49,972	1985 - 63,265
1968 - 32,625	1977 - 51,473	1986 - 66,577

POPULATION



INDUSTRIAL LANDS ACCOUNT
CASH POSITION
AS AT DECEMBER 31, 1986

1986 Net
Industrial Land
Contribution
(119,272.91)

Purchase

Balance as at December 31, 1985

RECEIPTS

Purchase	Location	Acreage	Closing Date	Price	Commissions	1985 Receipts	1986 Receipts	Unit Levy	1986 Net Industrial Land Contribution
Panora Holdings	Rankin Street	1.99	Jan. 15/87	86,525.00			12,985.00	0.00	12,985.00
Bluewater Management Services	Rankin Street	1.05	May 15/86	50,025.00			50,025.00	7,224.00	42,801.00
Ortus Realty	Bathurst Drive	5.15	May 6/86	234,325.00			225,638.50	35,432.00	190,206.50
Nexo Holdings Ltd.	50 Bathurst Drive	4.00	Feb. 5/86	165,636.00	8,686.50	25,219.00	140,417.00	27,520.00	112,897.00
Eramose Technology Corp.	52 Rankin Street	1.40	Feb. 20/86	63,075.00	3,045.00	9,135.00	50,895.00	9,632.00	41,263.00
Hunac Holdings	65 Rankin Street	1.53	Feb. 20/86	66,120.00	3,327.75	9,983.00	52,809.25	10,326.40	42,282.85
MacDonald & Westburne Electric	Bathurst Drive	1.65	Feb. 20/86	71,775.00	3,588.75	10,766.00	57,420.25	11,352.00	46,068.25
Corman Custom Electronics	Bathurst Drive	1.37	Apr. 3/86	56,170.00	2,808.50	8,425.00	44,936.50	9,425.60	35,510.90
Priority One Packaging	Bathurst Drive	1.63	June 18/86	74,165.00			74,165.00	11,214.40	62,950.60
Pirak Studios Ltd.	Bathurst Drive	.82	May 15/86	37,310.00			37,310.00	5,641.60	31,668.40
Garlin Design	75 Rankin Street	.99	Apr. 23/86	46,545.00		6,460.00	40,085.00	6,811.20	33,273.80
John L. Cowan	Rankin Street	1.002	June 30/86	45,636.50	2,279.55		43,356.95	6,893.76	36,463.19
Melloui & Belamey	Rupert Street	1.07	Apr. 24/86	46,545.00		6,982.00	39,563.00	7,361.60	32,201.40
Ron Hoy	Bathurst Drive	.92	July 23/86	40,990.00	2,093.00		38,897.00	6,329.60	32,567.40
Conestoga Rovers	Rankin Street	1.186	May 30/86	53,913.00	2,698.15		51,214.85	8,159.68	43,055.17
Hengal Investments	Rankin Street	1.75	Oct. 15/86	79,625.00			79,625.00	12,040.00	67,585.00
Waterloo Holdings (Regional Tool & Machine Ltd.)	McMurray Road	1.55	Aug. 15/86	72,075.00			72,075.00	10,664.00	61,411.00
Van Der Zwaag Moulds & Dies Inc.	Rankin Street	.8965	Sept. 26/86	40,790.00			40,790.00	6,167.92	34,622.08
Olympic Cabinets	620 Weber St. N.	3.31	June 2/86	132,400.00	5,972.00	19,860.00	106,568.00	22,772.80	83,795.20
McBride Loudspeakers	66 Rankin Street	1.25	May 30/86	54,375.00	2,718.75	8,156.00	43,500.25	8,600.00	34,900.25
S. Ciepielon	115 Randall Drive	2.38	July 12/86	90,668.00		13,600.00	77,068.00	16,374.40	60,693.60
Roylco & Michael Stephen Mfg.	Northland Road	3.882	Nov. 21/86	180,513.00			180,513.00	26,708.16	153,804.84
Joseph Scott Enterprises	60 Rankin Street	0.95	Oct. 24/86	42,315.00			42,315.00	6,398.40	35,916.60
Wayne Stecho	Bathurst Drive	1.987	Mar. 27/87	49,499.00			7,419.00		7,419.00
Kaufman Mechanical	79 Rankin St.	0.82	Apr. 30/87	45,500.00			5,597.00		5,597.00
Total Receipts						1,615,148.55		273,249.52	1,341,899.03
Land Rentals									341.50
Recovery of Service Costs - 150 Lexington Rd.									14,199.00
									1,356,439.53

EXPENDITURES

Legal Fees	16,728.00
Realty Commissions	15,021.15
86 Debt Charges	22,767.50
Electrozed - Cancellation of '85 Sale, Return of Downpayment Less \$7,000.	15,755.00
Deposit for Purchase of Industrial Lands from Black Walnut Holdings	50,000.00
Barta Place - Service Costs	4,647.86
Northland Industrial Sub. - Service Costs	633,595.03
640 Weber St. - Service Costs	34,709.01
Total Expenditures	793,223.55

Balance as at December 31, 1986

443,943.07

IMPOST RESERVE FUND
AS AT DECEMBER 31, 1986

Balance as at December 31, 1985

\$84,610.32

RECEIPTS

R. Oczowski, 41 Bricker
Bill Weber, 3 Regina St. N.
Interest

1,150.00
1,800.00
5,265.00

8,215.00

EXPENDITURES

135 13300 Herbert St. Storm Relocation

48,283.66

Balance as at December 31, 1986

\$44,541.66

PUBLIC LANDS RESERVE FUND
AS AT DECEMBER 31, 1986

Balance as at December 31, 1985

\$ 51,448.34

RECEIPTS

Kuntz Homes - Royal Beech Dr.	1,170.00
Kuntz Homes - Royal Beech Dr.	8,190.00
607139 Ont. Wayne Rollins - 30 Hickory St.	3,000.00
Carl Totzke - 450 Malabar Dr.	7,425.00
Beechlawn Holdings - Phase II Beechwood Dr.	19,965.00
Hallman Idlewood - Parkside and Bearinger	7,200.00
Forestlawn Estates - Bridge and Lexington	54,570.00
Hallman Idlewood - Parkside and Bearinger	3,600.00
Guaranty Trust - 300 Keats Way	3,900.00
John Wintermeyer - Forestlawn Subdivision	15,405.00
Wiebe Property - Allen St. West	3,250.00
Williamsburg Acres - Rosebrae Crt.	1,100.65
Hobson Jenkins - Wissler Road	1,443.81
Interest	<u>13,017.00</u>

\$143,236.46

Balance as at December 31, 1986

\$194,684.80

UNIT LEVY RESERVE FUND
AS AT DECEMBER 31, 1986

6.

Balance as at December 31, 1985

\$1,882,213.51

RECEIPTS

607139 Ont. Ltd., 30 Hickory St. E., Lot 13 GCT	32,760.00
L.W. Price Ltd., Heatherhill Place Subd.	15,600.00
Freure Homes, 460 & 462 Beechwood	5,760.00
Bill Weber 23 - 25 Ezra Ave.	2,300.00
Freure Homes, 464 Beechwood Place	2,808.00
Thomasfield Homes Ltd., Blks. 79, 80 Old Orchard Pl	29,700.00
V. Scholl, 380 Forestlawn	1,200.00
Ontario Die, 119 Roger St.	5,642.00
Beechlawn Holdings, Frontage Erbsville Rd.	33,600.00
G. Meyer, 413 Hazel St.	1,900.00
Trillium Estates Ltd., Upper Beechwood, Ph. II	112,800.00
J. Vetler, P. Belzer, R. Ernewien - Forestlawn Est.	54,400.00
Kuntz Homes Ltd., 1345/85 Royal Beechwood Dr., Pt. 3 & 19 58R 4930	1,200.00
Bluevale Estates, 305 Bluevale St.	4,320.00
Costain Ltd., Phase VII - 32 Semi's	76,800.00
Costain Ltd., Phase VII - 71 Singles	85,200.00
Village Gate Developments Inc., Roxton Dr.	1,200.00
650326 Ont. Ltd., Bridge St. - B-51/85	1,200.00
Kuntz Homes Ltd./Relt Holdings B-43 44/45, B46-50/85 Royal Beechwood Drive	8,400.00
Robert Altvater & Sons	7,200.00
Pepsico Food Services, 91 University E.	2,820.00
Brian Bye, 47 Bricker Ave.	1,150.00
Norcon Properties (Wtloo.) Ltd., Phase II	55,200.00
Lakeshore III, Stage 2	90,000.00
Snyder, Dueck, Sauer, Colby Court Lots 17-21 RP 1405	25,500.00
Walter/Mary Lipski, Lipski Subd.	4,800.00
Village Gate Developments Inc., 302 Roxton Dr.	1,200.00
Gova Enterprises Ltd., 547 King St. N.	5,700.00
486801 Ontario Inc., 66 Schaefer St.	3,426.24
H. Schlueter, Wissler Rd. Subd.	36,000.00
Brighton Co-op	34,500.00
Equitable Life Ins. Co. of Can., 265 Westcourt Pl.	85,680.00
Village Gate Developments, 320 & 322 Roxton Dr.	2,400.00
C. Totzke, 450 Malabar Drive	6,000.00
650326 Ontario Ltd., Klaus/Windermere Subd.	84,000.00
Village Gate Developments, Blk. 86, Pt. 6 Roxton Dr.	1,200.00
Wintermeyer Subd. Forestlawn Phase I	6,000.00
Hallman Idlewood Ltd., 400 Parkside Dr.	50,400.00
Lincoln Village, Foxhunt Mayberry	90,000.00
Village Gate Developments, Roxton Drive	1,200.00
Freure Homes, Eiwo Court	79,200.00
Ted Kraenzle, 185 King North	285.00
K. Spinelli, B - 36/37 Forestlawn Rd.	1,200.00
Helmar Holdings, Mayview Court Subd.	38,400.00

Canadian Tire Corp., 270 Weber St. S.	12,384.00
Mile Flanjak, 401 Forestlawn	1,200.00
M. H. Properties Ltd., Westvale Dr., R.P. 1591	39,600.00
Enos Lichti, 30-34-40 Laurel St.	5,320.00
Village Gate Dev., 286 Roxton Dr., Bldg. 19629	1,200.00
Freure Homes, 486 Beechwood	5,760.00
Hallman Idlewood Ltd., 400 Parkside Dr., Ph. II	25,920.00
Guaranty Trust Co., 300 Keats Way	24,120.00
Manulife, 500 King St. N.	68,319.60
Waterloo Co-operative Res., 268 Philips St.	114,480.00
Chaggares Enterprises Ltd., 373 Bridge St.	13,741.10
Freure Homes, 488 Beechwood	2,880.00
Freure Homes, 490 Beechwood	2,880.00
Russ Howald Contr., Dansbury/Glenn Subd.	80,400.00
Wiebe Property Corp. Ltd., 50-62 Allen St. W.	9,360.00
673075 Ontario Inc. Benjamin Estates	64,800.00
Haalbom Hombly, Cockburn Subd.	3,600.00
Williamsburg Acres, Rosebriar Crt.	1,200.00
Hobson, Jenkins & Duncan, Bogyoy 58R4588 PT 2	1,200.00
Seven Maples Co-Operatives, 350 Bearinger Rd.	17,280.00
Industrial Land	273,249.52
Interest	208,769.00

2,167,914.46

EXPENDITURES

133 51900	1620-Klaus (Windermere)	53,800.22
135 51900		
133 60400	Lipski Subd.	47,545.67
134 60400		
133 61100		
136 61100	Lakeshore N. Ph III (Helmar Hldgs.)	14,600.55
138 61100		
139 61100		
133 62400		
134 62400		
135 62400	1597/98 Trillium-Upper Beechwood Ph. 2	76,261.88
136 62400		
138 62400		
133 63500	1596 Lakeshore N. Ph. III Stage 2	17,290.74
134 60100	1570 - Norcon	8,955.94
135 13100	285/295 Weber	16,288.89
135 60200	1579-Kipfer (Beechlawn Hldgs.)	5,783.86
135 62300	1603-Beechlawn Hldgs. Ph. 2	18,412.05
135 62900	1602-Costain Ph. 7	27,245.66
136 59300		
137 59300	1554/55 Trillium-Upper Beechwood Ph. 1	11,863.82
138 59300		
137 22900	Phillip Street West Side	2,995.97
137 23100	Lexington Rd. - Marsland to Dearborn	8,569.75

137 55900	Schlueter Subd.	115.80
138 23800	Centennial Park Road	706.16
138 26700	Davenport-Lexington to 1300 MN	39,665.57
138 27700	Bearinger Road - Albert to Parkside	70,967.46
138 55300	1453-Lincoln Village North	613.13
138 61500	1568-Costain Ph. 5 (Foxhill/Clover Valley)	255.49
139 11200	Bearinger Road	31,198.71
139 17800	Channel Imp - Colonial Crk. Dam to Malabar	13,762.81
139 19700	SWM - U of W	14,647.53
139 20100	Albert / CNR Crossing	903.85
139 21100	Silt Removal	9,621.53
139 21500	Maple Hill Creek	15,056.68
139 21600	Magna Swim Pond	119,541.70
139 2300	University Ave. - Bridge to Lexington	7,100.00
139 23900	Infiltration Study	2,131.93

635,903.35

Balance as at December 31, 1986

\$3,414,224.62

CITY OF WATERLOO

COMMUNITY SERVICES CONCESSIONS

AS AT DECEMBER 31, 1986

	Waterloo Arena	Bechtel Park	Moses Springer	Rink-In- the-Park	Seagram Stadium	Albert McCormick	Park Inn	Recreation Centre	Portable	Inventory	Total
Sales Revenue	61,394.77	3,348.79	22,711.28	24,466.34	15,233.68	34,344.00	46,243.72	2,102.08	5,272.68	0.00	215,117.34
<u>COST OF GOODS SOLD</u>											
Beginning Inventory Jan. 1/86	1,910.67	0.00	1,035.85	1,498.47	141.61	1,382.64	146.96	88.62	55.28	9,153.75	15,413.85
Plus: Purchases & Transfers	24,897.36	1,332.64	8,995.69	10,895.08	5,127.21	14,425.11	19,663.88	813.25	2,203.37	3,067.34	91,420.93
Less: Ending Inventory	1,122.98	0.90	914.28	1,387.00	140.31	973.47	358.30	65.20	32.02	12,221.09	17,215.55
Total Cost of Goods Sold	25,685.05	1,331.74	9,117.26	11,006.55	5,128.51	14,834.28	19,452.54	836.67	2,226.63	0.00	89,619.23
Gross Profit	35,709.72	2,017.05	13,594.02	13,459.79	10,105.17	19,509.72	26,791.18	1,265.41	3,046.05	0.00	125,498.11
Gross Profit/Sales Percentage	58.2%	60.2%	59.9%	55.0%	66.3%	56.8%	57.9%	60.2%	57.8%		58.3%
<u>SELLING EXPENSE</u>											
Wages	11,557.55	1,259.11	4,978.93	8,146.29	2,676.92	7,094.44	13,049.50	0.00	1,429.92	0.00	50,192.66
Maintenance	103.73	171.23	12.93	47.21	244.83	110.84	1,013.38	0.00	477.52	0.00	2,181.67
Total Expenses	11,661.28	1,430.34	4,991.86	8,193.50	2,921.75	7,205.28	14,062.88	0.00	1,907.44	0.00	52,374.33
Net Profit	24,048.44	586.71	8,602.16	5,266.29	7,183.42	12,304.44	12,728.30	1,265.41	1,138.61	0.00	73,123.78
Net Profit/Sales Percentage	39.2%	17.5%	37.9%	21.5%	47.2%	35.8%	27.5%	60.2%	21.6%		34.0%

CITY OF WATERLOO
SIX YEAR FINANCIAL REVIEW

December 31, 1986

(All dollar amounts are in thousands of dollars, except per capita figures)

	1986	1985	1984	1983	1982	1981
1. Population at the end of the year	66,577	63,265	60,591	58,734	57,412	54,831
2. Area in acres at the end of the year	16,500	16,500	16,500	16,500	16,500	16,500
3. Employees - continuous full time	289	280	256	252	253	237
- part time	30	29	27	25	24	22
4. Number of households	22,342	21,441	20,614	19,878	19,324	18,404
5. Assessment:						
Taxable assessment upon which the year's rates of taxation were set						
Residential and farm	117,375	112,581	107,973	105,001	103,421	96,424
Commercial and Industrial	46,049	44,255	43,194	42,153	40,649	39,826
Business	23,942	22,968	22,531	22,139	21,515	22,298
	187,366	179,804	173,698	169,293	165,585	158,548
Per capita	2,814	2,842	2,867	2,882	2,884	2,892
Commercial and Industrial and Business as a percentage of taxable assessment	37%	37%	38%	37%	38%	39%
Exempt assessment	48,377	48,057	46,180	45,715	45,401	43,128
Provincial equalization factor	10	11	10	11	11	13
6. Rates of taxation:						
Residential and farm mill rate for -						
General municipal purposes	51	48	45	42	40	35
Regional purposes	42	38	36	34	31	26
School Board purposes	119	112	106	98	91	82
	212	198	187	174	162	143
Commercial and industrial mill rate for:						
General municipal purposes	60	56	53	50	47	41
Regional purposes	49	45	43	40	37	31
School Board purposes	140	131	125	115	107	96
	249	232	221	205	191	168
7. Revenue for general municipal services:						
Taxation	12,429	11,270	10,319	9,453	8,946	7,438
Payments-in-lieu of taxes	847	909	812	788	756	639
Ontario grants	2,375	2,115	1,906	1,894	1,841	1,422
Other grants	445	501	344	311	350	252
Fees and service charges	2,394	280	118	97	80	77
Other	4,250	4,775	3,949	3,301	3,452	3,524
	22,740	19,850	17,448	15,844	15,425	13,352
8. Tax arrears - per capita	13	16	15	14	23	13
- percentage of current levy	2%	2%	2%	3%	4%	3%
9. Expenditure - general municipal	22,753	19,538	17,233	16,347	15,247	13,564
10. Transfers to the Region	12,882	11,205	10,072	9,164	8,179	7,075
11. Transfers to the School Boards	25,514	22,627	20,736	18,466	17,025	14,808
12. Net long term liabilities:						
General municipal activities	4,249	4,350	3,769	3,862	3,121	3,305
- per capita	64	69	62	65	54	60
- percentage of taxable assessment	2.3%	2.4%	2.2%	2.2%	1.9%	2.1%
Municipal enterprises	6,353	3,059	1,194	1,318	1,434	1,541
13. Charges for net long term liabilities:						
General municipal activities	1,138	1,218	998	969	844	870
- per capita	17	19	16	16	15	16
- as a mill rate	6	7	6	6	5	5
14. Capital financing during the year:						
Contributions from own funds	10,972	6,565	4,856	4,358	3,470	4,560
Long term liabilities incurred	523	1,259	519	1,261	314	151
Ontario grants	487	498	526	526	367	402
Other	1,692	1,345	1,435	407	384	270
	13,674	9,667	7,336	6,552	4,535	5,383
15. Capital expenditure during the year	12,931	9,449	7,587	6,531	4,148	6,120
16. Accumulated net revenue at the end of the year	2,175	2,189	1,877	1,662	2,165	1,987
17. Reserves and reserve funds	12,801	8,130	5,442	3,584	3,622	3,180



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

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AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of The Corporation of
the City of Waterloo:

We have examined the consolidated balance sheet of the Corporation of the City of Waterloo as at December 31, 1986 and the consolidated statement of operations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation of the City of Waterloo as at December 31, 1986 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Waterloo, Canada,
April 24, 1987.

Clarkson Gordon
Chartered Accountants.

CITY OF WATERLOO
CONSOLIDATED BALANCE SHEET
As at December 31, 1986

ASSETS	1986 \$	1985 \$
Unrestricted		
Cash	6,181,197	3,889,920
Taxes receivable	884,616	1,082,646
Accounts receivable	2,083,042	1,803,099
Inventory (cost)	273,001	223,481
Long term investments	20,000	20,000
Investment in own debentures	125,000	157,000
	<u>9,566,856</u>	<u>7,176,146</u>
Restricted		
Cash	7,640,320	5,399,885
Accounts receivable	13,863	103,988
Long term investments	2,013,179	297,837
Investment in own debentures	190,000	678,000
	<u>9,857,362</u>	<u>6,479,710</u>
Capital outlay financed by long term liabilities and to be recovered in future years	<u>4,280,145</u>	<u>4,401,129</u>
	<u>23,704,363</u>	<u>18,056,985</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>3,818,911</u>	<u>3,451,674</u>
Net long term liabilities (note 7)	<u>4,280,145</u>	<u>4,401,129</u>
FUND BALANCES AT THE END OF THE YEAR (note 8)		
Accumulated net revenue at the end of the year	2,175,190	2,188,813
Unexpended capital financing (capital operations not yet permanently financed)	628,817	(114,766)
Reserves (note 9)	2,943,938	1,650,425
Reserve funds (note 9)	<u>9,857,362</u>	<u>6,479,710</u>
	<u>15,605,307</u>	<u>10,204,182</u>
	<u>23,704,363</u>	<u>18,056,985</u>

(See accompanying notes to the financial statements)

SOURCES OF FINANCING		1986 Actual \$	1985 Actual \$
Taxation and user charges			
Residential and farm taxation		26,040,561	23,090,917
Commercial, industrial and business taxation		19,604,713	17,233,814
Taxation from other governments		1,479,588	1,611,020
User charges		8,009,948	6,333,243
Grants			
Government of Canada		2,861,853	7,642
Province of Ontario		445,163	2,613,433
Other municipalities			493,700
Other			
Contributions from developers		11,012,891	6,853,055
Investment income		2,143,443	1,802,344
Equipment usage contribution		658,300	674,121
Sale of land		220,355	51,456
Other		2,435,014	1,978,695
Deduct: Amounts received or receivable for Region and School Boards (note 2)		(38,396,183)	(33,831,325)
Proceeds from the issue of long term liabilities		522,791	1,259,324
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR (note 6)		2,188,813	1,877,400
To be used to offset (or to be recovered from) taxation or user charges		(114,766)	(332,645)
Unexpended capital financing (or capital operations not yet financed)		29,112,484	31,516,194
Total financing available during the year			
APPLIED TO			
Current operations (notes 10 and 11)			
General government		26,040,561	23,090,917
Protection to persons and property		19,604,713	17,233,814
Transportation services		1,479,588	1,611,020
Environmental services		8,009,948	6,333,243
Health services			
Social and family services			
Recreation and cultural services		2,861,853	7,642
Planning and development		445,163	2,613,433
Other			493,700
Capital			
General government		11,012,891	6,853,055
Protection to persons and property		2,143,443	1,802,344
Transportation services		658,300	674,121
Environmental services		220,355	51,456
Recreational and cultural services		2,435,014	1,978,695
Planning and development			
Net appropriations to reserves and reserve funds		522,791	1,259,324
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR (note 6)		2,188,813	1,877,400
To be used to offset (or to be recovered from) taxation or user charges		(114,766)	(332,645)
Unexpended capital financing (or capital operations not yet financed)		29,112,484	31,516,194
Total applications during the year			

13.

CITY OF WATERLOO
NOTES TO THE FINANCIAL STATEMENTS

December 31, 1986

1. Accounting Policies

The consolidated financial statements of the Corporation of the City of Waterloo are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since the precise determination of many assets and liabilities is dependent upon future events, the preparation of the periodic financial statements necessarily involves the use of estimates and approximations.

(a) (i) Basis of Consolidation -

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following boards and municipal enterprises which are under the control of Council:

The Waterloo Public Library Board

The Uptown Waterloo Business Improvement Area
Board of Management

The Corporation of the City of Waterloo
Waterworks Enterprise

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Municipality and the resulting interest income and expenditures.

(ii) Non-consolidated Entities -

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

Hydro-Electric Commission of Waterloo, Wellesley and Woolwich

(iii) Accounting for Region and School Board Transactions -

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the Regional Municipality of Waterloo are not reflected in the municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the Consolidated Balance Sheet as "other current liabilities" ("other current assets").

(iv) Trust funds -

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

(b) Basis of Accounting -

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal charges on long term liabilities which are charged against operations in the periods in which they are paid.

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- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) Fixed assets -

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition.

(iv) Capital outlay to be recovered in future years -

"Capital outlay to be recovered in future years", which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the "Consolidated Balance Sheet".

2. Operations of School Boards and the Regional Municipality of Waterloo

Further to note 1 (a)(iii), the taxation, other revenues, requisitions and overlevies (underlevies) of the school boards and the Regional Municipality of Waterloo are comprised of the following:

	<u>School Boards</u>	<u>Region</u>
Taxation and user charges	\$25,514,472	\$12,881,711
Requisitions	<u>25,514,472</u>	<u>12,881,711</u>
Overlevies (underlevies) for the year	NIL	NIL
Overlevies (underlevies) at the beginning of the year	<u>NIL</u>	<u>NIL</u>
Overlevies (underlevies) at the end of the year	<u>\$ NIL</u>	<u>\$ NIL</u>

3. Trust Funds

Trust funds administered by the Municipality amounting to \$722,441 (1985 - \$632,972) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

4. Investments

The total of investments of \$2,348,179 (1985 - \$1,152,837) reported on the "Consolidated Balance Sheet" at cost, have a market value of \$2,346,672 (1985 - \$1,180,459) at the end of the year.

5. Liability for Past Service Provision of Pension Agreements

Under the past service provision of pension agreements, the Municipality is obligated at December 31, 1986 for an amount of approximately \$473,931 (1985 - \$533,751) based on the latest actuarial estimates at December 31, 1982. No provision has been made for this liability in the accompanying financial statements. The liability will be funded by six annual payments of \$102,520.

6. Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave the Municipality's employment. This entitlement does not apply to employees hired after June 1, 1985, with the exception of members of the Waterloo Firefighters Association.

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The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$2,051,115 (1985 - \$1,890,350) at the end of the year. An amount of \$726,346 (1985 - \$668,062) has been provided for this past service liability and is reported on the "Consolidated Balance Sheet".

7. Net Long Term Liabilities

- (a) The balance of "Net long term liabilities" reported on the "Consolidated Balance Sheet" is made up of the following:

	1986	1985
Total long term liabilities incurred by the Municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	\$ 1,204,242	\$1,728,777
In addition, the Municipality has assumed responsibility for the payment of principal and interest charges on certain long term liabilities issued by the Regional Municipality of Waterloo. At the end of the year, the outstanding principal amount of this liability is	10,024,145	6,573,105
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by others for a principal amount of	(6,948,242)	(3,900,753)
	<u>\$ 4,280,145</u>	<u>\$4,401,129</u>

In accordance with accounting policies prescribed by the Ministry of Municipal Affairs, long-term liabilities assumed by the Hydro-Electric Commission of Waterloo, Wellesley and Woolwich amounting to \$6,322,000 (1985 - \$3,008,000) have been excluded from the "Consolidated Balance Sheet". This change has been retroactively applied.

- (b) Of the net long term liabilities in (a) of this note, \$2,540,850 in principal payments are payable from 1987 to 1991, \$1,608,295 from 1992 to 1996, and \$131,000 thereafter and are summarized as follows:

	1987 to 1991	1992 to 1996	1997 and thereafter
From general municipal revenues	\$1,228,850	\$ 995,295	\$131,000
From benefitting landowners	1,281,000	613,000	
From consolidated municipal enterprises	31,000		
	<u>\$2,540,850</u>	<u>\$1,608,295</u>	<u>\$131,000</u>

- (c) Included in "Net long term liabilities" on the "Consolidated Balance Sheet" is an amount of \$252,000 (1985 - \$311,000) payable in U.S. dollars which was converted into Canadian dollars on the basis of \$1 Canadian being equal to \$1 U.S. If the liability is converted into Canadian dollars at the exchange rate prevailing at December 31, 1986, the liability would be increased by \$95,886 (1985 - \$123,871). A reserve fund has been established in the amount of \$245,672 which is intended to provide for exchange fluctuations.

- (d) Approval of the Ontario Municipal Board has been obtained for the long term liabilities issued in the name of the Municipality.

PAGE FOUR

8. Municipal Fund Balances at the End of the Year

- (a) The balances on the "Consolidated Statement of Operations" of municipal equity of \$2,804,007 (1985 - \$2,074,047) at the end of the year are comprised of the following:

	<u>1986</u>	<u>1985</u>
. For general reduction of taxation	\$1,053,799	\$1,088,987
. For general reduction of user charges	1,121,391	1,099,826
. Acquisition of fixed assets to be financed from the proceeds of long term liabilities	<u>628,817</u>	<u>(114,766)</u>
	<u>\$2,804,007</u>	<u>\$2,074,047</u>

- (b) Approval of the Ontario Municipal Board has been obtained for the pending issues of long term liabilities and for those commitments to be financed from revenues beyond the term of Council.

- (c) The balance available for the general reduction of taxation for the fiscal year ending December 31, 1987 has been reduced by an amount of \$1,328,337 transferred to the Library Book Reserve Fund, Insurance Reserve Fund, Fire Equipment Reserve Fund, Computer Purchases Capital Account, Recreational Facilities Reserve and Working Fund Reserve, as authorized by by-law number 87-18, dated February 2, 1987. Had this reduction not been made the balance would be \$2,382,136 (1985 - \$1,753,460).

9. Reserves and Reserve Funds

The total balance of reserves and reserve funds of \$2,943,938 (1985 - \$1,650,425) and \$9,857,362 (1985 - \$6,479,710) respectively are made up of the following:

	<u>1986</u>	<u>1985</u>
Reserves set aside for specific purpose by Council		
. For acquisition of fixed assets	\$1,709,102	\$1,448,304
. For winter control	179,315	202,121
. For working capital	928,337	
. For recreational facilities	<u>127,184</u>	
Total reserves	<u>\$2,943,938</u>	<u>\$1,650,425</u>
Reserve funds set aside for specific purpose by Council		
. For acquisition of fixed assets	\$ 373,333	\$ 255,218
. For sick leave	726,346	668,062
. For lot levies and subdivider contributions	6,145,061	3,950,712
. For exchange rate stabilization	245,672	236,735
. For housing incentive	16,380	22,445
. For insurance	84,972	
. For library books	102,125	
. For other capital expenditures	<u>1,871,876</u>	<u>1,218,369</u>
	<u>9,565,765</u>	<u>6,351,541</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement		
. For park purposes	194,685	51,448
. For local improvements	<u>96,912</u>	<u>76,721</u>
	<u>291,597</u>	<u>128,169</u>
Total reserve funds	<u>\$9,857,362</u>	<u>\$6,479,710</u>

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10. Charges for Net Long Term Liabilities

Total charges for the year for net long term liabilities which are reported on the "Consolidated Statement of Operations" are as follows:

	<u>1986</u>	<u>1985</u>
Principal payments	\$ 646,666	\$ 710,489
Interest	<u>515,208</u>	<u>530,694</u>
	<u>\$1,161,874</u>	<u>\$1,241,183</u>

The charges for long term liabilities assumed by the non-consolidated entities are not reflected in these statements.

11. Nonaccrual of Interest on Long Term Liabilities

No provision has been made in these financial statements for the accrual of interest on the net long term liabilities. Had this provision been made the municipal fund balances as at December 31, 1986 would have been decreased by \$47,977 (1985 - \$51,260).

12. Lease Commitment

The lease commitment for City Hall office premises which expires in August 1987, is determined on a net basis and amounts to \$117,000.

The Municipality has entered into an agreement to lease new City Hall office premises commencing in August 1987. The lease commitment amounts to approximately \$346,000 per annum from 1988 - 1991, \$412,000 per annum from 1992 - 1996 and \$478,000 per annum from 1997 - 2002.

13. Comparative Figures

Certain 1985 figures have been restated to conform with 1986 presentation.

CITY OF WATERLOO
ANALYSIS OF CURRENT OPERATIONS
For the year ended December 31, 1986

Schedule 1

	1985 Actual \$	1986 Actual \$	1986 Budget \$	Budget Comparison Over(under) \$
Revenue				
Taxation and user charges				
Residential and farm taxation	23,090,917	26,040,561	25,601,521	439,040
Commercial, industrial and business taxation	17,233,814	19,604,713	19,067,364	537,349
Taxation from other governments	1,611,020	1,479,588	1,325,472	154,116
User charges	6,333,243	8,009,948	6,510,075	1,499,873
Deduct:				
Amount received or receivable on behalf of the Region and school boards	(33,831,325)	(38,396,183)	(37,632,471)	(763,712)
Grants				
Government of Canada	7,642			
Province of Ontario	2,114,986	2,374,574	2,217,959	156,615
Other municipalities	493,700	445,163	476,557	(31,394)
Other				
Investment income	1,282,870	1,618,101	886,000	732,101
Equipment usage contribution	674,121	658,300	395,485	262,815
Sale of land	51,456	220,355		220,355
Other	594,197	653,860	567,879	85,981
Net municipal revenue	<u>19,656,641</u>	<u>22,708,980</u>	<u>19,415,841</u>	<u>3,293,139</u>
Expenditures				
General government	1,825,432	2,003,982	1,940,588	63,394
Protection to persons and property	3,488,698	3,745,706	3,705,257	40,449
Transportation services	5,342,546	5,521,206	5,464,685	56,521
Environmental services	1,877,329	2,508,969	2,264,520	244,449
Health services	204,386	206,380	219,143	(12,763)
Social and family services		63,858	74,790	(10,932)
Recreation and cultural services	3,673,908	3,835,917	3,879,295	(43,378)
Planning and development	683,006	784,253	776,709	7,544
	<u>17,095,305</u>	<u>18,670,271</u>	<u>18,324,987</u>	<u>345,284</u>
Net appropriations (to) from other funds				
. reserves	(551,975)	(1,698,104)	(402,775)	(1,295,329)
. reserve funds	(1,045,929)	(1,339,919)	(867,019)	(472,900)
. capital operations	(652,019)	(1,014,309)	(910,047)	(104,262)
	<u>(2,249,923)</u>	<u>(4,052,332)</u>	<u>(2,179,841)</u>	<u>(1,872,491)</u>
Increase (decrease) in accumulated net revenue for the year	311,413	(13,623)	(1,088,987)	1,075,364
Accumulated net revenue at the beginning of the year	<u>1,877,400</u>	<u>2,188,813</u>	<u>2,188,813</u>	
Accumulated net revenue at the end of the year	<u>2,188,813</u>	<u>2,175,190</u>	<u>1,099,826</u>	<u>1,075,364</u>

Schedule 2

CITY OF WATERLOO
ANALYSIS OF CAPITAL OPERATIONS
For the year ended December 31, 1986

	1986 Actual \$	1985 Actual \$
Source of Funds		
Long term liabilities incurred	522,791	1,259,324
Ontario grants	487,279	498,447
Other	1,692,403	1,344,722
Appropriations from other funds		
. current operations	1,014,309	652,019
. reserves	404,591	673,513
. reserve funds	<u>9,553,213</u>	<u>5,238,819</u>
	<u>13,674,586</u>	<u>9,666,844</u>
Expenditures		
General government	232,935	339,070
Protection to persons and property	113,571	77,119
Transportation services	5,226,169	3,111,262
Environmental services	5,958,232	3,613,469
Recreation and cultural services	443,000	184,286
Planning and development	<u>957,096</u>	<u>2,123,759</u>
	<u>12,931,003</u>	<u>9,448,965</u>
Capital operations not yet permanently financed at the beginning of the year	<u>114,766</u>	<u>332,645</u>
Capital operations not yet permanently financed (unexpended capital financing) at the end of the year	<u>(628,817)</u>	<u>114,766</u>

CITY OF WATERLOO
ANALYSIS OF RESERVES AND RESERVE FUNDS
For the year ended December 31, 1986

Schedule 3

	Total \$	Works Equipment \$	Waterworks Equipment \$	Community Service Equipment \$
RESERVES				
Balance at the beginning of the year	1,650,425	975,783	182,688	254,036
Appropriations from (to) current operations	1,698,104	443,396	56,522	150,471
Appropriations to capital operations	<u>(404,591)</u>	<u>(275,849)</u>	<u>(11,380)</u>	<u>(103,055)</u>
Balance at the end of the year	<u>2,943,938</u>	<u>1,143,330</u>	<u>227,830</u>	<u>301,452</u>
RESERVE FUNDS				
Balance at the beginning of the year	<u>6,479,710</u>			
Revenue				
Contributions from developers	11,012,891			
Interest earned	525,342			
Appropriations from current operations	1,339,919			
Other	<u>88,751</u>			
	<u>12,966,903</u>			
Expenditures				
Contributions to capital operations	9,553,213			
Other	<u>36,038</u>			
	<u>9,589,251</u>			
Balance at the end of the year	<u>9,857,362</u>			

CITY OF WATERLOO
ANALYSIS OF RESERVES AND RESERVE FUNDS
For the year ended December 31, 1986

Schedule 3

	Concession Equipment \$	Winter Control \$	Working Fund \$	Recreational Facilities \$	Adult Recreation Building Fund \$
RESERVES					
Balance at the beginning of the year	35,797	202,121	N11	N11	
Appropriations from (to) current operations	15,000	(22,806)	928,337	127,184	
Appropriations to capital operations	(14,307)				
Balance at the end of the year	<u>36,490</u>	<u>179,315</u>	<u>928,337</u>	<u>127,184</u>	
RESERVE FUNDS					
Balance at the beginning of the year					<u>57,958</u>
Revenue					
Contributions from developers					
Interest earned					4,976
Appropriations from current operations					
Other					<u>18,799</u>
					<u>23,775</u>
Expenditures					
Contributions to current operations					
Contributions to capital operations					
Other					
Balance at the end of the year					<u>81,733</u>

Schedule 3

CITY OF WATERLOO
ANALYSIS OF RESERVES AND RESERVE FUNDS
For the year ended December 31, 1986

	Adult Recreation Memorial Fund \$	City Hall \$	Developer Deposits \$	Fire Equipment \$	Fire Expansion \$
RESERVES					
Balance at the beginning of the year					
Appropriations from current operations					
Appropriations to capital operations					
Balance at the end of the year					
RESERVE FUNDS					
Balance at the beginning of the year	<u>992</u>	<u>N11</u>	<u>1,983,888</u>	<u>255,218</u>	<u>109,069</u>
Revenue					
Contributions from developers			8,920,575		
Interest earned	110		4,370	21,548	13,810
Appropriations from current operations		81,700		152,000	106,800
Other	<u>619</u>	<u> </u>	<u> </u>	<u>58,138</u>	<u> </u>
	<u>729</u>	<u>81,700</u>	<u>8,924,945</u>	<u>231,686</u>	<u>120,610</u>
Expenditures					
Contributions to capital operations		81,700	8,222,539	113,571	
Other	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u>81,700</u>	<u>8,222,539</u>	<u>113,571</u>	<u> </u>
Balance at the end of the year	<u>1,721</u>	<u>N11</u>	<u>2,686,294</u>	<u>373,333</u>	<u>229,679</u>

Schedule 3

CITY OF WATERLOO
ANALYSIS OF RESERVES AND RESERVE FUNDS
For the year ended December 31, 1986

	Impost Charges \$	Insurance \$	Library Books \$	Local Improvements \$	Municipal Buildings and Facilities \$
RESERVES					
Balance at the beginning of the year					
Appropriations from current operations					
Appropriations to capital operations					
Balance at the end of the year					
RESERVE FUNDS					
Balance at the beginning of the year	<u>84,611</u>	<u>N11</u>	<u>N11</u>	<u>76,721</u>	<u>1,050,350</u>
Revenue					
Contributions from developers	2,950				
Interest earned	5,265	1,426	2,125	8,996	141,671
Appropriations from current operations		87,546	100,000		811,873
Other				<u>11,195</u>	
	<u>8,215</u>	<u>88,972</u>	<u>102,125</u>	<u>20,191</u>	<u>953,544</u>
Expenditures					
Contributions to capital operations	48,284				445,151
Other		<u>4,000</u>			
	<u>48,284</u>	<u>4,000</u>			<u>445,151</u>
Balance at the end of the year	<u>44,542</u>	<u>84,972</u>	<u>102,125</u>	<u>26,912</u>	<u>1,558,743</u>

CITY OF WATERLOO
ANALYSIS OF RESERVES AND RESERVE FUNDS
For the year ended December 31, 1986

Schedule 3

	Municipal Housing Incentives \$	Public Lands \$	Sick Leave \$	Unit Levy \$	U.S. Debentures \$
RESERVES					
Balance at the beginning of the year					
Appropriations from current operations					
Appropriations to capital operations					
Balance at the end of the year					
RESERVE FUNDS					
Balance at the beginning of the year	<u>22,445</u>	<u>51,448</u>	<u>668,062</u>	<u>1,882,213</u>	<u>236,735</u>
Revenue					
Contributions from developers		130,220		1,959,146	
Interest earned		13,017	73,746	208,769	25,513
Appropriations from current operations					
Other					
		<u>143,237</u>	<u>73,746</u>	<u>2,167,915</u>	<u>25,513</u>
Expenditures					
Contributions to current operations					
Contributions to capital operations	6,065			635,903	
Other			<u>15,462</u>		<u>16,576</u>
	<u>6,065</u>		<u>15,462</u>	<u>635,903</u>	<u>16,576</u>
Balance at the end of the year	<u>16,380</u>	<u>194,685</u>	<u>726,346</u>	<u>3,414,225</u>	<u>245,672</u>



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

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AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of The Corporation of
the City of Waterloo:

We have examined the balance sheet of the trust funds of the Corporation of the City of Waterloo as at December 31, 1986 and the statement of continuity of trust funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the trust funds for the Corporation of the City of Waterloo as at December 31, 1986 and the continuity of trust funds for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Waterloo, Canada,
April 24, 1987.

Clarkson Gordon
Chartered Accountants.

CITY OF WATERLOO TRUST FUNDS						
STATEMENT OF CONTINUITY For the year ended December 31, 1986						
	Total \$	Mount Hope Cemetery \$	Parkview Cemetery \$	Prepaid Grave Openings \$	Prepaid Cremations \$	Ontario Home Renewal Program \$
Balance at the beginning of the year	<u>632,972</u>	<u>116,235</u>	<u>300,263</u>	<u>44,350</u>	<u>35,315</u>	<u>136,809</u>
Capital receipts						
Sale of plots	34,830	915	33,915			
Prepaid sales	11,480			8,730	2,750	
Interest earned	67,054	13,033	35,428	5,440	4,097	9,056
Grant	<u>53,959</u>					<u>53,959</u>
	<u>167,323</u>	<u>13,948</u>	<u>69,343</u>	<u>14,170</u>	<u>6,847</u>	<u>63,015</u>
Expenditures						
Transfer to revenue fund	62,258	13,033	35,428	5,440	4,097	4,260
Loans forgiven	<u>15,596</u>					<u>15,596</u>
	<u>77,854</u>	<u>13,033</u>	<u>35,428</u>	<u>5,440</u>	<u>4,097</u>	<u>19,856</u>
Balance at the end of the year	<u>722,441</u>	<u>117,150</u>	<u>334,178</u>	<u>53,080</u>	<u>38,065</u>	<u>179,968</u>
BALANCE SHEET As at December 31, 1986						
Assets						
Due from revenue fund	5,162					5,162
Accounts receivable	104,279					104,279
Investments (note 2)	<u>613,000</u>	<u>117,150</u>	<u>334,178</u>	<u>53,080</u>	<u>38,065</u>	<u>70,527</u>
Balance - capital	<u>722,441</u>	<u>117,150</u>	<u>334,178</u>	<u>53,080</u>	<u>38,065</u>	<u>179,968</u>

(See accompanying notes to the financial statements)

CITY OF WATERLOO
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1986

1. Accounting policy

The Municipality follows the accrual method of accounting for revenue and expenditures.

2. Investments

The investments of \$613,000 (1985 - \$496,163) recorded on the Balance Sheet at cost, have a market value of \$634,670 (1985 - \$502,903) as at the end of the year.



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

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ACCOUNTANTS' REPORT

To the Ministry of Municipal Affairs:

Our examination of the financial statements of The Corporation of the City of Waterloo for the year ended December 31, 1986 was made for the purpose of forming an opinion on the financial statements referred to in our auditors' report to the Members of Council, Inhabitants and Ratepayers dated April 24, 1987.

At your request, we have performed the following procedures in connection with schedules 1 to 11 of the Financial Information Return of The Corporation of the City of Waterloo for the year ended December 31, 1986.

- (a) we have compared the amounts disclosed on these schedules to the books and records of the City and found them to be in agreement;
- (b) we have added and cross-added all schedules; and
- (c) we have cross-referenced the information on the schedules where applicable.

The above noted schedules have not been subjected to the auditing procedures applied in the examination of the financial statements and accordingly we do not express an opinion on the fair presentation of this information.

Waterloo, Canada,
April 24, 1987.

Clarkson Gordon
Chartered Accountants.

ANALYSIS OF REVENUE FUND
REVENUES

for the year ended December 31, 1986

Municipality

CITY OF WATERLOO

1 31.
3

		total revenue	upper tier purposes	school board purposes	own purposes
		1 \$	2 \$	3 \$	4 \$
Note: Upper tiers use column 4 only					
Taxation					
Taxation from schedule 2LT (or requisitions from schedule 2UT)	1	45,645,274	8,871,410	25,408,328	11,365,536
Direct water billings on ratepayers	2	2,290,243	1,227,484		1,062,759
— own municipality	3				
— other municipalities	4				
Sewer surcharge on direct water billings	5	2,257,054	2,256,565		489
— own municipality	6				
— other municipalities	7				
Subtotal	8	50,192,571	12,355,459	25,408,328	12,428,784
Payments in lieu of taxes					
Canada	9	25,208	4,957		20,251
Canada enterprises	10				
Ontario	11				
The Municipal Tax Assistance Act	12				
The Municipal Act, section 160	13	1,033,400	459,036		574,364
Other	14				
Ontario enterprises	15				
Ontario Housing Corporation	16	188,684	37,055	106,145	45,484
Ontario Hydro	17				
Liquor Control Board of Ontario	18	7,203	3,234		3,969
Other	19	44,026	19,765		24,261
Municipal enterprises	20	99,230	2,205		97,025
Other municipalities and enterprises	21	81,837			81,837
Subtotal	22	1,479,588	526,252	106,145	847,191
Ontario unconditional grants					
Per household general	23				
Per household police	24				
Per household density	25				
Transitional and special assistance	26				
Resource equalization	27				
General support	28	780,053			780,053
Northern special support	29				
Apportionment guarantee	30				
Revenue guarantee	31				
Subtotal	32	780,053			780,053
Revenues for specific functions					
Ontario specific grants	33	1,594,521			1,594,521
Canada specific grants	34				
Other municipalities—grants and fees	35	445,163			445,163
Fees, service charges and donations	36	2,393,672			2,393,672
Subtotal	37	4,433,356			4,433,356
Other revenue					
Trailer revenue and licences	38				
Licences and permits	39	1,068,321			1,068,321
Fines	40	112,345			112,345
Penalties and interest on taxes	41	169,665			169,665
Investment income—from own funds	42	49,665			49,665
—other	43	1,568,436			1,568,436
Sale of publications, equipment, etc.	44				
Contributions from capital fund	45	22,768			22,768
Contributions from reserves and reserve funds	46	30,717			30,717
Contributions from non consolidated entities	47				
Equipment usage contribution	48	658,300			658,300
Other	49	349,740			349,740
Sale of land	50	220,354			220,354
Subtotal	51	4,250,311			4,250,311
Total revenue	52	61,135,879	12,881,711	25,514,473	22,739,695

LOCAL TAXABLE ASSESSMENT				MILL RATES				TAXES LEVIED				SUPPLEMENTARY TAXES				TOTAL TAXES
for community use only	residential and farm	commercial and industrial	business	1	2	3	4	5	6	7	8	9	10	11	12	
I. Over purposes																
(a) Levied by mill rate																
General	0 1 0 1 0	117,374,531	46,049,112	23,942,130	51.171	60.201		6,006,138	2,772,506	1,441,030	189,347	126,231	105,193	10,640,415		
Police villages at reduced rates	0 1 0 2															
Farms at reduced rates	0 1 0 3															
Special area rates and police villages	0 1 1 1															
(b) Other charges on tax bills																
Share of telephone and telegraph taxation	0 1 1 1 0							6,006,138	2,772,506	1,441,030	189,347	126,231	105,193	10,640,415		
Local improvements	0 1 2 1 0								254,357					254,357		
Sewer and water service charges	0 1 2 2 0								17,873					17,873		
Sewer and water connection charges	0 1 2 3 0															
Fire service charges	0 1 2 4 0															
Minimum tax (differential only)	0 1 2 5 0															
Municipal drainage charges	0 1 2 6 0															
Garbage collection charges	0 1 2 7 0															
Business improvement area	0 1 2 8 0															
Subtotal special charges on tax bills	0 1 1 3 2 0							339,594	272,230	112,752				515	113,287	
Total over purposes taxation	0 1 1 3 2 0							6,345,732	3,044,736	1,553,782	189,347	126,231	105,708	11,365,536		
III. Upper tier purposes																
(a) Levied by mill rate																
General	0 2 0 1 0	117,374,531	46,049,112	23,942,130	41.687	49.066		5,893,050	2,258,693	1,173,971	154,097	102,731	85,610	8,668,152		
Special purposes	0 2 1 1															
Other charges on tax bills	0 2 2 1															
Share of telephone and telegraph taxation	0 2 2 1 0							5,893,050	2,258,693	1,173,971	154,097	102,731	85,610	8,668,152		
Local improvements	0 2 2 2 0								203,258					203,258		
Sewer and water service charges	0 2 2 3 0															
Sewer and water connection charges	0 2 2 4 0															
Fire service charges	0 2 2 5 0															
Subtotal special charges on tax bills	0 2 2 3 0								203,258							
Total upper tier taxation	0 2 2 3 2 0							5,893,050	2,461,951	1,173,971	154,097	102,731	85,610	203,258		
III. School board purposes																
Elementary public																
Share of telephone and telegraph taxation	0 3 0 1 0	95,470,422	42,373,650	22,662,960	66.282	77.878		6,327,923	3,352,441	1,765,790	221,091	147,394	122,828	11,937,467		
Elementary separate	0 3 0 1 1															
Share of telephone and telegraph taxation	0 3 2 1 0								314,868					314,868		
Subtotal elementary public	0 3 2 1 0							6,327,923	3,667,309	1,765,790	221,091	147,394	122,828	12,252,335		
Elementary separate																
Share of telephone and telegraph taxation	0 4 0 1 1	21,904,109	3,075,462	1,279,170	66.282	77.878		1,451,837	237,696	101,871	24,389	16,259	13,549	1,845,601		
Elementary separate	0 4 0 1 1															
Share of telephone and telegraph taxation	0 5 2 1 0								261,908					261,908		
Subtotal secondary	0 5 2 1 0							6,236,573	3,127,660	1,509,443	196,522	131,015	109,179	11,310,392		
Share of telephone and telegraph taxation	0 6 3 2 0							14,016,133	7,032,665	3,377,104	442,002	294,668	245,556	25,408,328		
Total all school board taxation	0 6 3 2 0															

ANALYSIS OF CURRENT REVENUE
FOR SPECIFIC FUNCTIONS

for the year ended December 31, 1986

Municipality

CITY OF WATERLOO

3 33.
7

		Ontario specific grants	Canada grants	other municipalities- grants, fees, and service charges	fees, service charges and donations
		1 \$	2 \$	3 \$	4 \$
General government	1				98,677
Protection to persons and property					
Fire	2				2,390
Police	3				
Conservation authority	4				
Protective inspection and control	5				28,425
	6				
Subtotal	7				30,815
Transportation services					
Roadways	8	271,934		416,906	603,395
Winter control	9	218,945			
Transit	10	910,902			
Parking	11				48,908
Street lighting	12				
Air transportation	13				
	14				
Subtotal	15	1,401,781		416,906	652,303
Environmental services					
Sanitary sewer system	16				315,037
Storm sewer system	17				235,602
Waterworks system	18			16,406	328,069
Garbage collection	19				
Garbage disposal	20				
Pollution control	21				
	22				
Subtotal	23			16,406	878,708
Health services					
Public health services	24				
Public health inspections and control	25				
Hospitals	26				
Ambulance services	27				
Cemeteries	28				130,173
	29				
Subtotal	30				130,173
Social and family services					
General assistance	31				
Assistance to aged persons	32	44,725		11,851	16,358
Assistance to children	33				
Day nurseries	34				
	35				
Subtotal	36	44,725		11,851	16,358
Recreation and cultural services					
Parks and recreation	37	8,700			522,270
Libraries	38	139,315			50,897
Other cultural	39				
Subtotal	40	148,015			573,167
Planning and development					
Planning and zoning	41				13,471
Commercial and industrial	42				
Residential development	43				
Agriculture and reforestation	44				
Tile drainage/shoreline assistance	45				
	46				
Subtotal	47				13,471
Electricity	48				
Gas	49				
Telephone	50				
Total	51	1,594,521		445,163	2,393,672

ANALYSIS OF REVENUE FUND
EXPENDITURES
for the year ended December 31, 1966

Municipality

CITY OF WATERLOO

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	
General government	1,071,054		932,819	2,000,185			4,004,258																																													
Protection to persons and property																																																				
Fire	3,134,252		117,563	258,800			3,577,715																																													
Police																																																				
Conservation authority																																																				
Protective inspection and control	292,502		134,289				426,791																																													
Subtotal	3,426,754		251,852	258,800			4,004,506																																													
Transportation services																																																				
Roadways	1,413,218	464,273	804,135	439,167			3,120,773																																													
Winter control	105,198		460,437				625,635																																													
Transit			3,709,718				1,709,218																																													
Parking	51,222	41,768	28,288				121,258																																													
Street lighting		4,551	378,468				548,687																																													
Air transportation																																																				
Subtotal	1,622,638	510,482	3,381,086	504,865			6,026,051																																													
Environmental services																																																				
Sanitary sewer system	305,117	112,470	308,501	37,459			763,547																																													
Storm sewer system	110,505	35,294	184,133	21,099			381,211																																													
Waterworks system	511,599	51,351	514,099				1,317,979																																													
Garbage collection	209,351	38,130	230,586	76,720			516,660																																													
Garbage disposal			228,349				228,349																																													
Pollution control																																																				
Subtotal	936,572	186,084	1,553,403	699,377			3,208,346																																													
Health services																																																				
Public health services																																																				
Hospitals																																																				
Ambulance services																																																				
Cemeteries																																																				
Subtotal																																																				
Social and family services																																																				
General assistance																																																				
Assistance to aged persons																																																				
Assistance to children																																																				
Day nurseries																																																				
Subtotal																																																				
Recreation and cultural services																																																				
Parks and recreation																																																				
Libraries																																																				
Other cultural																																																				
Subtotal																																																				
Planning and development																																																				
Planning and zoning																																																				
Commercial and industrial																																																				
Residential development																																																				
Agriculture and reforestation																																																				
Title drainage/shoreline assistance																																																				
Subtotal																																																				
Electricity																																																				
Gas																																																				
Telephone																																																				
Total	9,709,764	1,161,474	7,678,590	4,083,059			24,723,211																																													

Total of column 2 includes:

Payments to Ontario in respect of Down-

town Revitalization Program loans 81

Accrued interest (enter an amount only

if the change to the accrual basis

was made in this reporting year) 82

Interest portion of transit debt charges

included on line 10 83

Total of column 3 includes:

Ministry of the Environment

Provincial projects service charges 52

—water 53

Provincial projects frontage and

connection charges—water 57

—sewer 58

Joint projects operating charges 54

—sewer 55

O.P.P. policing contracts 56

Short term interest costs 60

Total of column 5 includes:

Grants to charitable and non-profit

organizations 62

Grants to universities and colleges 63

Contributions to UNCONSOLIDATED

joint local boards 64

Health unit 65

District welfare board 66

Home for the aged 67

Recreation board(s) 68

Fire area board 69

ANALYSIS OF CAPITAL OPERATIONS

for the year ended December 31, 1986

Municipality

CITY OF WATERLOO

5 35.
9

		1 5
Unfinanced capital outlay (Unexpended capital financing) at the beginning of the year	1	114,766
Sources of financing		
Contributions from own funds		
Revenue fund	2	1,014,309
Reserves and reserve funds	3	9,957,804
Subtotal	4	10,972,113
Long term liabilities incurred		
Central Mortgage and Housing Corporation	5	
Ontario Municipal Improvement Corporation	7	
Commercial Area Improvement Program	9	
Other Ontario housing programs	10	
Ministry of the Environment	11	
Tile drainage and shoreline property assistance programs	12	
The Public		
Serial debentures	13	
Sinking fund debentures	14	
Region of Waterloo	15	522,791
	16	
	17	
Subtotal*	18	522,791
Grants and loan forgiveness		
Ontario	20	487,279
Canada	21	
Other municipalities	22	166,071
Subtotal	23	653,350
Other financing		
Prepaid special charges	24	100,787
Proceeds from sale of fixed assets	25	
Investment income		
From own funds	26	
Other	27	
Donations	28	
Sale of industrial land	30	1,356,439
Other	31	69,106
Subtotal	32	1,526,332
Total sources of financing	33	13,674,586
Applications		
Own expenditures		
Short term interest costs	34	
Other	35	12,908,235
Subtotal	36	12,908,235
Transfers of proceeds from long term liabilities to:		
Other municipalities	37	
Unconsolidated local boards	38	
Individuals	39	
Subtotal	40	
Transfers to reserves, reserve funds and the revenue fund	41	22,768
Total applications	42	12,931,003
Unfinanced capital outlay (Unexpended capital financing) at the end of the year	43	(628,817)
Amount reported in line 43 analysed as follows:		
Unapplied capital receipts	44	(1,014,868)
To be recovered from:		
—taxation or user charges within term of council	45	
—proceeds from long term liabilities	46	386,051
—transfers from reserves and reserve funds	47	
—other (specify)	48	
Total unfinanced capital outlay (unexpended capital financing)	49	(628,817)
*amount in line 18 raised on behalf of other municipalities	19	

ANALYSIS OF CAPITAL GRANTS
AND OWN EXPENDITURES

for the year ended December 31, 1986

Municipality

CITY OF WATERLOO

6 36.
10

		CAPITAL GRANTS			TOTAL OWN EXPENDITURES
		Ontario grants	Canada grants	Other municipalities	
		1	2	3	4
		\$	\$	\$	\$
General government	1	15,945			232,935
Protection to persons and property					
Fire	2				113,571
Police	3				
Conservation authority	4				
Protective inspection and control	5				
	6				
Subtotal	7				113,571
Transportation services					
Roadways	8	392,584		59,280	5,016,465
Winter control	9				
Transit	10				
Parking	11				144,006
Street lighting	12				65,698
Air transportation	13				
	14				
Subtotal	15	392,584		59,280	5,226,169
Environmental services					
Sanitary sewer system	16				1,925,711
Storm sewer system	17	3,265		51,471	1,720,738
Waterworks system	18			55,320	2,226,199
Garbage collection	19				85,584
Garbage disposal	20				
Pollution control	21				
	22				
Subtotal	23	3,265		106,791	5,958,232
Health services					
Public health services	24				
Public health inspections and control	25				
Hospitals	26				
Ambulance services	27				
Cemeteries	28				
	29				
Subtotal	30				
Social and family services					
General assistance	31				
Assistance to aged persons	32				
Assistance to children	33				
Day nurseries	34				
	35				
Subtotal	36				
Recreation and cultural services					
Parks and recreation	37	63,151			398,417
Libraries	38	12,334			44,583
Other cultural	39				
Subtotal	40	75,485			443,000
Planning and development					
Planning and zoning	41				144
Commercial and industrial	42				934,184
Residential development	43				
Agriculture and reforestation	44				
Tile drainage/shoreline assistance	45				
	46				
Subtotal	47				934,328
Electricity	48				
Gas	49				
Telephone	50				
Total	51	487,279		166,071	12,908,235

ANALYSIS OF NET LONG TERM
LIABILITIES BY FUNCTION
as at December 31, 1986

Municipality

CITY OF WATERLOO

7 37.
11

		\$
General government	1	
Protection to persons and property		
Fire	2	
Police	3	
Conservation authority	4	
Protective inspection and control	5	
	6	
Subtotal	7	
Transportation services		
Roadways	8	1,697,932
Winter control	9	
Transit	10	
Parking	11	212,000
Street lighting	12	
Air transportation	13	
	14	
Subtotal	15	1,909,932
Environmental services		
Sanitary sewer system	16	492,450
Storm sewer system	17	135,016
Waterworks system	18	46,102
Garbage collection	19	
Garbage disposal	20	
Pollution control	21	
	22	
Subtotal	23	673,568
Health services		
Public health services	24	
Public health inspections and control	25	
Hospitals	26	
Ambulance services	27	
Cemeteries	28	10,000
	29	
Subtotal	30	10,000
Social and family services		
General assistance	31	
Assistance to aged persons	32	
Assistance to children	33	
Day nurseries	34	
	35	
Subtotal	36	
Recreation and cultural services		
Parks and recreation	37	1,023,645
Libraries	38	
Other cultural	39	
Subtotal	40	1,023,645
Planning and development		
Planning and zoning	41	
Commercial and industrial	42	663,000
Residential development	43	
Agriculture and reforestation	44	
Tile drainage/shoreline assistance	45	
	46	
Subtotal	47	663,000
Electricity	48	6,322,000
Gas	49	
Telephone	50	
Total	51	10,602,145

UPPER TIER	included in general mill rate for upper tier purposes	beginning of year	amount requested	legislative action	total requested	amount received	amount in excess of total requested	amount of year	total received	amount of year
1	General requisition	1	2	3	4	5	6	7	8	9
2	Special purpose requisitions									
3	Water rate									
4	Transit rate									
5	Sewer rate									
6	Library rate									
7	Road rate									
8										
9										
10										
11	Sub total levied by mill rate—general	N.I.	9,055,224	342,438	9,397,662					
12	Special purpose requisitions									
13	Water									
14	Transit									
15	Sewer									
16	Library									
17										
18	Sub total levied by mill rate—special areas									
19	Special charges									
20	Direct water billings	N.I.	1,227,484		1,227,484					
21	Sewer surcharge on direct water billings	N.I.	2,256,565		2,256,565					
22	Total region or county	N.I.	12,539,273	342,438	12,881,711	12,152,201	203,258	526,252	12,881,711	N.I.
23	SCHOOL BOARDS									
24	Elementary public									
25										
26										
27										
28	Elementary separate									
29										
30										
31										
32	Secondary									
33										
34										
35										
36	Total school boards	N.I.	24,532,247	982,226	25,514,473	24,831,552	576,776	106,145	25,514,473	N.I.

for the year ended December 31, 1986

CITY OF WATERLOO

10 40.

		1	5
Balance at beginning of year			
Revenues		1	8,130,135
Contributions from revenue fund		2	3,068,740
Contributions from capital fund		3	
Lot levies and subdivider contributions		60	10,882,671
Recreational land (the Planning Act)		61	130,220
Investment income—from own funds		5	525,342
—other		6	
Other		9	88,751
.		10	
.		11	
.		12	
Total revenue		13	14,695,724
Expenditures			
Transferred to capital fund		14	9,957,804
Transferred to revenue fund		15	30,717
Charges for long term liabilities—principal and interest		16	
Other		63	36,038
.		20	
.		21	
Total expenditure		22	10,024,559
Balance at end of year for:			
Reserves		23	2,943,938
Reserve Funds		24	9,857,362
Total		25	12,801,300
analysed as follows:			
Working funds		26	928,337
Contingencies		27	
Ministry of the Environment fund for renewals, etc.		28	
—sewer		29	
—water		30	2,082,435
Replacement of equipment		31	726,346
Sick leave		32	84,972
Insurance		33	
Workmen's compensation		34	
Capital expenditure—general administration		35	
—roads		36	
—sanitary and storm sewers		64	127,184
—parks and recreation		65	102,125
—library		66	
—other cultural		38	
—water		39	
—transit		40	
—housing		41	
—industrial development		42	1,870,155
—other and unspecified		44	6,145,061
Lot levies and subdivider contributions		46	194,685
Recreational land (the Planning Act)		45	
Parking revenues		47	
Debtenture repayment		48	245,672
Exchange rate stabilization		49	
Waterworks current purposes		50	
Transit current purposes		51	
Library current purposes		52	179,315
Winter control		53	16,380
Housing Incentive		54	1,721
Memorial Fund		55	96,912
Local improvements		56	
.		57	
Total		58	12,801,300

ANALYSIS OF
CONSOLIDATED YEAR END
BALANCES
as at December 31, 1986

Municipality

CITY OF WATERLOO

11

16

41.

		1	2
		\$	\$
ASSETS			
Current assets			portion of cash not in chartered banks
Cash	1	13,821,517	
Accounts receivable			
Canada	2		
Ontario	3		
Region or county	4	675,423	
Other municipalities	5	229,240	
School boards	6	54,089	
Waterworks	7		portion of taxes receivable for business taxes
Other (including unorganized areas)	8	247,738	
Taxes receivable		890,415	
Current year's levies	9	677,743	121,578
Previous year's levies	10	111,106	1,789
Prior years' levies	11	43,724	
Penalties and interest	12	65,043	6,871
Less allowance for uncollectables	13	(13,000)	(13,000)
Investments (market value \$)			
Canada	14		
Provincial	15		
Municipal	16		
Other	17		
Other current assets	18	273,001	portion of line 20 for tax sale/tax registration
Capital outlay to be recovered in future years	19	10,602,145	
Other long term assets	20	2,033,179	
Total	21	29,711,363	
LIABILITIES			
Current liabilities			portion of loans not from chartered banks
Temporary loans—current purposes	22		
—capital—Ontario	23		
—Canada	24		
—Other	25		
Accounts payable and accrued liabilities			
Canada	26		
Ontario	27	820	
Region or county	28	568,638	
Other municipalities	29	259,408	
School boards	30	631,877	
Trade accounts payable	31	2,073,539	
Other	32	284,629	
Other current liabilities	33		
Net long term liabilities			
Recoverable from the Consolidated Revenue Fund			
—general tax rates	34	2,355,145	
—special area rates and special charges	35		
—benefitting landowners	36	1,894,000	
—user rates (consolidated entities)	37	31,000	
Recoverable from Reserve Funds	38		
Recoverable from unconsolidated entities	39	6,322,000	
Less: Own holdings	40	(315,000)	
Reserves and reserve funds	41	12,801,300	
Accumulated net revenue (deficit)			
General revenue	42	1,050,000	
Special charges and special areas (specify)			
Sewer surcharge	43	141,890	
	44		
	45		
	46		
Consolidated local boards (specify)			
Transit operations	47		
Water operations	48	979,501	
Libraries	49	(3,922)	
Cemeteries	50		
Recreation, community centres and arenas	51		
Uptown Improvement Area	52	7,721	
	53		
	54		
	55		
Region or county	56		
School boards	57		
Unexpended capital financing/(unfinanced capital outlay)	58	628,817	
Total	59	29,711,363	

1. Number of continuous full time employees as at December 31		1	28
Administration		2	70
Non-line Departmental Support Staff		3	
Fire		4	
Police		5	109
Transit		6	
Public Works		7	
Health Services		8	
Homes for the Aged		9	
Other Social Services		10	55
Parks and Recreation		11	17
Libraries		12	10
Planning		13	289
Total			
time employees December 31		Other	
14		7,910,020	412,167
15		1,388,673	211,000
2. Total expenditures during the year on:			
Wages and salaries			
Employee benefits			
3. Reductions of tax roll during the year (lower tier municipalities only)			
Cash collections:			
Current year's tax	16	63,925,235	
Previous years' tax	17	857,460	
Penalties and interest	18	169,655	
Subtotal	19	64,952,350	
Discounts allowed	20		
Tax adjustments under section 362 and 363 of the Municipal Act	21		
— amounts added to the roll	22		
— amounts written off	23		
Tax adjustments under sections 465, 495 and 496 of the Municipal Act	24	472,650	
— recoverable from upper tier and school boards	25	150,128	
— recoverable from general municipal revenues	26		
Transfers to tax sale and tax registration accounts	27		
The Municipal Elderly Residents' Assistance Act—reductions	28		
—refunds	29	63,585,136	
Other (specify)	30	4,701	
Total reductions	31	40,813	
Amounts added to the tax roll for collection purposes only	32		
Business taxes written off under subsection 495(1) of the Municipal Act	33		
4. Tax due dates for 1986 (lower tier municipalities only)			
Interim billings:			
Number of instalments	31	2	
Due date of first instalment (MMDDYY)	32	02 18 86	
Due date of last instalment (MMDDYY)	33	04 19 86	
Final billings:			
Number of instalments	34	2	
Due date of first instalment (MMDDYY)	35	06 10 86	
Due date of last instalment (MMDDYY)	36	09 19 86	
Supplementary taxes levied with 1987 due date	37		
5. Projected capital expenditures and long term financing requirements as at December 31			
long term financing requirements			
approved by the O.M.B.		submitted but not yet approved by the O.M.B.	forecast not yet submitted to the O.M.B.
gross expenditure			
Estimated to take place			
In 1987	58	9,858,600	7,246,300
In 1988	59	9,008,552	5,628,500
In 1989	60	6,781,869	5,830,200
In 1990	61	9,583,296	5,124,400
In 1991	62	8,440,335	1,024,700
Total	63	43,673,152	24,855,100
balance in fund		loans outstanding	
179,968		104,279	

7. Analysis of direct water and sewer billings as at December 31			
	water		
	number of residential units	1986 billings residential units	all other properties
In this municipality	39	21,225	808,430
In other municipalities (specify municipality)	40		1,461,813
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A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
P.O. Box 458
305 King Street West
Kitchener, Canada N2G 4A2
Telephone: (519) 744-1171
(519) 653-3290 (Cambridge)

AUDITORS' REPORT

To the Ministry of Municipal Affairs:

We have examined grant information schedule 13 of the Financial Information Return of The Corporation of the City of Waterloo for the year ended December 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, this schedule presents fairly the grant information shown therein in accordance with instructions issued by the Ministry of Municipal Affairs for the year 1986.

Waterloo, Canada,
April 24, 1987.

Clarkson Gordon
Chartered Accountants.

GRANT INFORMATION

for the year ended December 31, 1986

Municipality

CITY OF WATERLOO

13 44.
18

ANALYSIS OF REVENUE FUND REVENUES

1

Note: Upper tiers use column 4 only.

		upper tier purposes 2 \$	own purposes 4 \$
Taxation			
Direct water billings on ratepayers - own municipality	2	1,227,484	1,062,759
Sewer surcharge on direct water billings - own municipality	4	2,256,565	489
Payments in lieu of taxes			
Subtotal	18	526,252	847,191

2LT

ANALYSIS OF TAXATION

LOCAL TAXABLE ASSESSMENT

		residential and farm 1 \$	commercial and industrial 2 \$	business 3 \$
I. Own purposes				
(a) Levied by mill rate				
General	30	117,374,531	46,049,112	23,942,130
police villages at reduced rates	31			
farms at reduced rates	32			

TAXES LEVIED

		commercial and industrial 7 \$	business 8 \$	total 12 \$
Subtotal levied by mill rate	1	2,772,506	1,441,030	
Share of telephone and telegraph taxation	2			254,357
Total own purposes taxation	4			11,365,536
II. Upper tier purposes				
Subtotal levied by mill rate	5	2,258,693	1,173,971	
share of telephone and telegraph taxation	6			203,258
Total upper tier taxation	8			8,871,410

ANALYSIS OF CAPITAL OPERATIONS

5

Other financing
Prepaid special charges

		1 \$
24		100,787



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

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ACCOUNTANTS' COMMENTS

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Waterloo:

We made a review of the accompanying balance sheet as at
December 31, 1986 and the statements of revenue and expenditure and cash
flows for the year then ended which were prepared by The Corporation of the
City of Waterloo Waterworks Enterprise.

Our review consisted primarily of enquiry, comparison and
discussion of information supplied to us by the corporation. However, in
accordance with the terms of our engagement, we have not performed an audit
and consequently do not express an opinion on these financial statements.

Waterloo, Canada,
April 24, 1987.

Clarkson Gordon
Chartered Accountants.

THE CORPORATION OF THE CITY OF WATERLOO WATERWORKS ENTERPRISE

BALANCE SHEET

As at December 31, 1986

ASSETS

	1986 \$	1985 \$
Accounts receivable	247,738	245,090
Due from City of Waterloo	836,769	775,332
Inventory (cost)	<u>99,852</u>	<u>63,693</u>
	1,184,359	1,084,115
Capital outlay to be recovered in future years	31,000	51,000
Investments (note 2)	<u>145,000</u>	<u>177,000</u>
	<u>1,360,359</u>	<u>1,312,115</u>

LIABILITIES

Accounts payable and accrued liabilities	180,652	166,424
Net long-term liabilities	31,000	51,000
Accumulated net revenue at the end of the year	979,501	958,425
Capital operations not yet permanently financed	(58,624)	(46,422)
Reserve (note 4)	<u>227,830</u>	<u>182,688</u>
	<u>1,360,359</u>	<u>1,312,115</u>

(See accompanying notes to the financial statements)

Prepared without audit - see Accountants' Comments

THE CORPORATION OF THE CITY OF WATERLOO WATERWORKS ENTERPRISE

STATEMENT OF REVENUE AND EXPENDITURE

For the year ended December 31, 1986

	1986 Budget \$	1986 Actual \$	1985 Actual \$
Revenue			
Sale of water	2,038,000	1,978,471	1,899,421
Fire protection	99,100	97,451	90,540
Other revenue	<u>371,900</u>	<u>577,965</u>	<u>412,313</u>
Total revenue	<u>2,509,000</u>	<u>2,653,887</u>	<u>2,402,274</u>
Expenditure			
Water supply	1,140,000	1,227,484	1,069,822
Water transmission and distribution	389,208	348,635	349,640
Administration	403,797	397,347	358,134
Water connections	<u>29,000</u>	<u>121,668</u>	<u>28,952</u>
Total operating expenditure	1,962,005	2,095,134	1,806,548
Principal payments and interest charges on long term debt	23,000	23,578	22,828
Transfers to reserve	10,700	56,522	43,137
Capital expenditure out of current revenue	<u>513,295</u>	<u>457,577</u>	<u>237,787</u>
Total expenditure	<u>2,509,000</u>	<u>2,632,811</u>	<u>2,110,300</u>
Excess of revenue over expenditure for the year		21,076	291,974
Accumulated net revenue at the beginning of the year	<u>958,425</u>	<u>958,425</u>	<u>666,451</u>
Accumulated net revenue at the end of the year	<u>958,425</u>	<u>979,501</u>	<u>958,425</u>

(See accompanying notes to the financial statements)

Prepared without audit - see Accountants' Comments

THE CORPORATION OF THE CITY OF WATERLOO WATERWORKS ENTERPRISE

STATEMENT OF CASH FLOWS

For the year ended December 31, 1986

	1986 \$	1985 \$
Cash resources received (applied):		
Operating activities -		
Excess of revenue over operating expenditure for the year	558,753	595,726
Changes in operating assets and liabilities -		
(Increase) in accounts receivable	(2,648)	(71,671)
(Increase) decrease in inventory	(36,159)	6,891
Increase (decrease) in accounts payable and accrued liabilities	14,228	(42,026)
	<u>534,174</u>	<u>488,920</u>
Investment activities -		
Capital expenditures - engineering and structures	(2,214,819)	(1,203,988)
- machinery and equipment	(11,380)	(10,556)
	<u>(2,226,199)</u>	<u>(1,214,544)</u>
Financing activities -		
Principal payments and interest charges on long-term debt	(23,578)	(22,828)
Capital funds transferred from the municipality	1,745,040	943,440
	<u>1,721,462</u>	<u>920,612</u>
Increase in cash resources during the year	29,437	194,988
Cash resources at the beginning of the year	<u>952,332</u>	<u>757,344</u>
Cash resources at the end of the year	<u>981,769</u>	<u>952,332</u>
Cash resources consist of:		
Investments	145,000	177,000
Due from City of Waterloo	<u>836,769</u>	<u>775,332</u>
	<u>981,769</u>	<u>952,332</u>

(See accompanying notes to the financial statements)

Prepared without audit - see Accountants' Comments

THE CORPORATION OF THE CITY OF WATERLOO WATERWORKS ENTERPRISE

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1986

1. Accounting Policies

The financial statements of the Waterworks Enterprise are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

(a) Basis of Accounting

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long term liabilities which are charged against the operations in the periods in which they are paid.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(iii) Fixed assets -

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the Statement of Revenue and Expenditure in the year of acquisition.

(iv) Capital outlay to be recovered in future years -

"Capital outlay to be recovered in future years", which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the Balance Sheet.

(b) Inventory

Inventory consists of maintenance supplies and material held for future capital expansion. Inventory is valued at cost on a first-in, first-out basis.

2. Investments

The total of investments of \$145,000 (1985 - \$177,000) recorded on the Balance Sheet at cost, have a market value of \$159,670 (1985 - \$191,365) as at the end of the year.

3. Net long term liabilities

Included in net long term liabilities on the Balance Sheet is an amount of \$19,000 (1985 - \$27,000) payable in U.S. dollars which was converted into Canadian dollars on the basis of \$1 Canadian being equal to \$1 U.S. If the liability is converted into Canadian dollars at the exchange rate prevailing at December 31, 1986 the liability would be increased by approximately \$7,230 (1985 - \$10,754).

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4. Reserve

The total balance of the reserve of \$227,830 (1985 - \$182,688) is set aside for specific purpose by Council for the acquisition of fixed assets.

5. Comparative figures

Certain 1985 figures have been restated to conform with 1986 presentation.

Prepared without audit - see Accountants' Comments

THE CORPORATION OF THE CITY OF WATERLOO WATERWORKS ENTERPRISE

ANALYSIS OF REVENUE

For the year ended December 31, 1986

	1986 \$	1985 \$
Sale of water		
Residential	808,430	702,098
Non-residential	<u>1,170,041</u>	<u>1,197,323</u>
	<u>1,978,471</u>	<u>1,899,421</u>
Fire protection		
Own municipality	67,100	60,088
Private	<u>30,351</u>	<u>30,452</u>
	<u>97,451</u>	<u>90,540</u>
Other revenue		
Installation and service charges	281,421	265,361
Investment income	32,647	26,630
Frontage charges	45,162	29,000
Water connections	143,030	40,079
Miscellaneous	59,299	45,354
Regional recoveries	<u>16,406</u>	<u>5,889</u>
	<u>577,965</u>	<u>412,313</u>
Total revenue	<u>2,653,887</u>	<u>2,402,274</u>

Prepared without audit - see Accountants' Comments

THE CORPORATION OF THE CITY OF WATERLOO WATERWORKS ENTERPRISE

ANALYSIS OF EXPENDITURE

For the year ended December 31, 1986

	Salaries, wages and fringe benefits \$	Material, supplies and utilities \$	Total \$
Water Supply		<u>1,227,484</u>	<u>1,227,484</u>
Water Transmission and Distribution			
Mains	66,371	150,118	216,489
Meters	33,257	26,144	59,401
Services	<u>25,235</u>	<u>47,510</u>	<u>72,745</u>
	<u>124,863</u>	<u>223,772</u>	<u>348,635</u>
Administration			
General administration	166,351	16,880	183,231
Billing and data processing		<u>214,116</u>	<u>214,116</u>
	<u>166,351</u>	<u>230,996</u>	<u>397,347</u>
Water connections	<u>20,385</u>	<u>101,283</u>	<u>121,668</u>
Total operating expenditure	<u>311,599</u>	<u>1,783,535</u>	<u>2,095,134</u>
Principal payments on long term debt		20,000	20,000
Interest charges on long term debt		<u>3,578</u>	<u>3,578</u>
		<u>23,578</u>	<u>23,578</u>
Transfers to reserve		<u>56,522</u>	<u>56,522</u>
Capital expenditure out of current revenue	<u>28,549</u>	<u>429,028</u>	<u>457,577</u>
Total expenditure	<u>340,148</u>	<u>2,292,663</u>	<u>2,632,811</u>

Prepared without audit - see Accountants' Comments



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AUDITORS' REPORT

To the Chairman and Members of
The Waterloo Public Library Board:

We have examined the balance sheet of The Waterloo Public Library Board as at December 31, 1986 and the statements of revenue and expenditure and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

In common with most public library boards, the Board reports sundry and photocopier revenue amounting to \$40,160 and \$14,713 respectively, which is not susceptible of complete audit verification. Accordingly, we were unable to determine whether any adjustments might be necessary to sundry revenue, photocopier revenue and accumulated net revenue and cash resources received from operations.

In our opinion, except for the possibility of adjustments had sundry and photocopier revenue been susceptible of complete audit verification, these financial statements present fairly the financial position of the Board as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Waterloo, Canada,
April 24, 1987.

Clarkson Gordon
Chartered Accountants.

THE WATERLOO PUBLIC LIBRARY BOARD

BALANCE SHEET

As at December 31, 1986

ASSETS

	1986 \$	1985 \$
Cash	24,235	48,638
Prepaid expenses	11,612	
Capital outlay to be recovered in future years		33,052
	<u>35,847</u>	<u>81,690</u>

LIABILITIES

Accounts payable	28,157	30,722
Net long term liabilities		33,052
Accumulated net revenue (deficit)	<u>7,690</u>	<u>17,916</u>
	<u>35,847</u>	<u>81,690</u>

(See accompanying notes to the financial statements)

THE WATERLOO PUBLIC LIBRARY BOARD
STATEMENT OF REVENUE AND EXPENDITURE
For the year ended December 31, 1986

	1986 Budget \$	1986 Actual \$	1985 Actual \$
Revenue			
Municipal contribution	625,717	625,717	528,296
Province of Ontario grant	138,640	138,640	133,052
Summer Canada works grant			7,642
Wintario grant		675	2,000
Equipment grant			7,800
Photocopier	15,200	14,713	15,141
Sundry income	<u>39,000</u>	<u>40,160</u>	<u>39,915</u>
Total revenue	<u>818,557</u>	<u>819,905</u>	<u>733,846</u>
Expenditure			
Salaries and fringe benefits -			
Salaries and wages	446,600	431,351	377,048
Fringe benefits	<u>67,200</u>	<u>65,395</u>	<u>54,194</u>
	<u>513,800</u>	<u>496,746</u>	<u>431,242</u>
Materials, supplies and utilities -			
Books	130,000	138,297	125,142
Periodicals and newspaper	8,000	8,741	6,225
Non-print materials	10,900	10,819	10,889
Utilities	24,000	22,517	23,604
Other supplies	<u>25,450</u>	<u>27,559</u>	<u>24,461</u>
	<u>198,350</u>	<u>207,933</u>	<u>190,321</u>
Services and rents -			
Photocopier	10,500	9,529	10,280
Portable rent	4,200	4,200	4,200
Maintenance	<u>47,900</u>	<u>45,288</u>	<u>25,192</u>
	<u>62,600</u>	<u>59,017</u>	<u>39,672</u>
Total operating expenditure	<u>774,750</u>	<u>763,696</u>	<u>661,235</u>
Principal payments on long term debt	33,052	33,052	31,202
Interest charges on long term debt	1,975	1,975	3,838
Capital expenditure out of current revenue	<u>26,696</u>	<u>31,408</u>	<u>38,161</u>
	<u>61,723</u>	<u>66,435</u>	<u>73,201</u>
Total expenditure	<u>836,473</u>	<u>830,131</u>	<u>734,436</u>
Excess (deficiency) of revenue over expenditure for the year	(17,916)	(10,226)	(590)
Accumulated net revenue at the beginning of the year	<u>17,916</u>	<u>17,916</u>	<u>18,506</u>
Accumulated net revenue (deficit) at the end of the year	<u>N41</u>	<u>7,690</u>	<u>17,916</u>

(See accompanying notes to the financial statements)

THE WATERLOO PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the year ended December 31, 1986

	1986 \$	1985 \$
Cash resources received (applied):		
Operating activities -		
Excess of revenue over operating expenditure for the year	56,209	72,611
Changes in operating assets and liabilities -		
(Increase) in prepaid expenses	(11,612)	
(Decrease) increase in accounts payable	(2,565)	30,722
	<u>42,032</u>	<u>103,333</u>
Investment activities -		
Capital expenditures	(31,408)	(38,161)
Financing activities -		
Principal payments and interest charges on long-term debt	(35,027)	(35,040)
(Decrease) increase in cash resources during the year	(24,403)	30,132
Cash resources at the beginning of the year	<u>48,638</u>	<u>18,506</u>
Cash resources at the end of the year	<u>24,235</u>	<u>48,638</u>
Cash resources consist of:		
Cash	<u>24,235</u>	<u>48,638</u>

(See accompanying notes to the financial statements)

THE WATERLOO PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1986

1. Accounting Policies

The financial statements of the Board are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

Basis of Accounting

- (1) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long term liabilities which are charged against operations in the periods in which they are paid.
- (11) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(111) Fixed assets -

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the Statement of Revenue and Expenditure in the year of acquisition.

(iv) Capital outlay to be recovered in future years -

"Capital outlay to be recovered in future years", which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the Balance Sheet.

2. Lease commitment

The Board's lease commitment for a photocopier amounts to \$6,400 per annum and expires in 1989.

3. Comparative figures

Certain 1985 figures have been restated to conform with 1986 presentation.



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

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AUDITORS' REPORT

To the Chairman and Members of
The Uptown Waterloo Business Improvement Area
Board of Management:

We have examined the balance sheet of The Uptown Waterloo Business Improvement Area Board of Management as at December 31, 1986 and the statements of revenue and expenditure and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at December 31, 1986 and the results of its operations and changes in financial position for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Waterloo, Canada,
April 24, 1987.

Clarkson Gordon
Chartered Accountants.

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

BALANCE SHEET

As at December 31, 1986

ASSETS

	1986	1985
	\$	\$
Cash and term deposits	15,647	18,202
Accounts receivable	35,958	34,643
Prepaid expenses	310	250
	<u>51,915</u>	<u>53,095</u>

LIABILITIES

Accounts payable and accrued liabilities	44,194	29,524
Accumulated net revenue	<u>7,721</u>	<u>23,571</u>
	<u>51,915</u>	<u>53,095</u>

(See accompanying notes to the financial statements)

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

STATEMENT OF REVENUE AND EXPENDITURE

For the year ended December 31, 1986

	1986 \$	1985 \$
Revenue:		
Municipal contributions - tax levy	113,267	91,884
Investment income	2,027	2,313
Other	151	1,382
Total revenue	<u>115,445</u>	<u>95,579</u>
Expenditure:		
Operations - Advertising	59,771	48,752
- Wages	23,417	19,657
- Other	12,419	6,943
Total operating expenditure	95,607	75,352
Capital expenditure out of current revenue	<u>35,688</u>	<u>26,449</u>
Total expenditure	<u>131,295</u>	<u>101,801</u>
Excess (deficiency) of revenue over expenditure for the year	(15,850)	(6,222)
Accumulated net revenue at the beginning of the year	<u>23,571</u>	<u>29,793</u>
Accumulated net revenue at the end of the year	<u>7,721</u>	<u>23,571</u>

(See accompanying notes to the financial statements)

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

STATEMENT OF CASH FLOWS

For the year ended December 31, 1986

	1986 \$	1985 \$
Cash resources received (applied):		
Operating activities -		
Excess of revenue over operating expenditure for the year	19,838	20,227
Changes in operating assets and liabilities -		
(Increase) in accounts receivable	(1,315)	(4,906)
(Increase) in prepaid expenses	(60)	(250)
Increase in accounts payable and accrued liabilities	<u>14,670</u>	<u>22,652</u>
	33,133	37,723
Investment activities -		
Capital expenditures	<u>(35,688)</u>	<u>(26,449)</u>
(Decrease) increase in cash resources during the year	(2,555)	11,274
Cash resources at the beginning of the year	<u>18,202</u>	<u>6,928</u>
Cash resources at the end of the year	<u>15,647</u>	<u>18,202</u>
Cash resources consist of:		
Cash and term deposits	<u>15,647</u>	<u>18,202</u>

(See accompanying notes to the financial statements)

THE UPTOWN WATERLOO BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1986

1. Accounting policies

The financial statements of the Board are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since the precise determination of many assets and liabilities is dependent upon future events, the preparation of the periodic financial statements necessarily involves the use of estimates and approximations.

Accrual accounting -

The Board follows the accrual method of accounting for revenue and expenditures.

Capital expenditures -

Fixed asset purchases are charged to current expenditures in the year of acquisition.

2. Lease commitment

The Board's lease commitment for a photocopier amounts to \$1,000 per annum and expires in April of 1989.

3. Comparative figures

Certain 1985 figures have been restated to conform with 1986 presentation.